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Infantry Units. As already stated last year, this contribution includes the Trawler *H. M. I. S. Travancore,* costing Rs 6·5 lakhs and also the Fighter Planes contributed to the Royal Air Force.

As a net result of the several variations in revenue and expenditure between the Budget and the revised estimates, the current year is as already stated, expected to close with a revenue surplus of Rs 166·45 lakhs as against the Budget forecast of Rs 70·86 lakhs. The entire surplus of Rs 166·45 lakhs will be credited to the Post-war Reconstruction Fund to be drawn upon only for financing schemes of Public utility and reconstruction measures.

6. Our capital programme for the current year which was estimated to work up to Rs 68·92 lakhs is expected actually to stand at Rs 72·80 lakhs, the increase being under Pallivasal Hydro-Electric Scheme set off by decrease under the State Transport Scheme on account of a portion of the depreciation fund being proposed to be utilised for renewals, leaving unspent the provision made therefor in the Budget.

BUDGET ESTIMATES—1121

7. I shall now deal with the Budget estimates for the ensuing year. The total revenue for the next year is estimated to stand at Rs 623·65 lakhs, a figure which, as already stated by me, has so far been reached only by Mysore and Hyderabad among the Indian States. Taking into account the degree of approximation between the revised and the Budget Estimates for the current year, the upward trend of prices, the enhanced spending power of the labouring classes, the economic prosperity of the businessmen and other relevant factors, our estimate of revenue for the next year is admittedly conservative. Though the increase in revenue anticipated for the ensuing year, as compared with the revised estimates for the current year is, to some extent, evenly distributed among the revenue items, the increase is marked under Taxes on Income, Excise, Customs and Currency and Mint and under Forests in a lesser degree. Under Taxes on Income, the enhancement of revenue is due to better collections and to the levy of the Excess Profits Tax and the Supertax as also to the proposed extension of the scope of Agricultural Income Tax, so as to bring within its purview the owners of large cocoanut gardens and the money crop estates. 'Currency and Mint' is expected to show an improvement of revenue on account of the expected gain on the proposed further

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mintage of coins. Before I pass on to the expenditure side of the next year's Budget, I feel that I must give an explanation for the marked deterioration of a little over Rs 2·5 lakhs in the net receipts from our State Transport Scheme. This fall in the net receipts is by no means to be taken as an indication of any apprehension on the part of the Government in regard to the extent of the actual receipts from the scheme. On the other hand, I may inform the House, that the fall in the net receipts is due only to a corresponding increase in the working expenses on account of the grant of allowances on a liberal scale to the over-worked subordinate staff of the Transport Department and the proposal to put into operation as large a number of vehicles as is possible under the present conditions, with a view to avoiding the overloading in passenger vehicles, about which there has been some complaint on the floor of the House and outside.

8. With the prospect of our revenues from the ordinary sources reaching beyond Rs. 6 crores it is neither necessary nor proposed to resort to any new taxation or to enhance the rates of any of the existing taxes with a view to augmenting our resources. A change in the present system of assessment to land tax is, however, in contemplation, not as a measure intended to enhance our land revenue receipts, but as a step calculated to equalise the burden of taxation on a more equitable basis. The present assessment to land tax was fixed about 40 years ago. Since then, there have been considerable changes in the extent of cultivation and productivity of the land, so much so that there are several cases of disproportionate assessments and also a very large number of instances, where owing to new planting or new occupation the settlement rates did not operate. In some cases the deterioration of the value of the land legitimately entitles the holder to some relief, while there are other cases in which the assessment can be increased several fold without causing any the least hardship to the tax-payer on account of the considerable improvement in the value of the land. The basic principle of the proposed new system is to have the actual assessment renewed from year to year on the basis of a fixed standard rate as in the case of the Income tax, with reference to the actual net profits derived from the holding after making due allowance for all incidental expenses. This system, the House will, I hope, realise has a definite advantage over the present system in so far as the burden of taxation will be equitably distributed; the poor man, whose income from his land is perhaps hardly sufficient even for the payment of the kist, escaping and deservedly too the burden

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of over-assessment and the rich capitalist who has at present very little or nothing to pay on account of taxation on his lands for the reason that his holdings were acquired after the last settlement, coming in to pay his due share of the tax.

9. Turning to the expenditure side of the next year's Budget, I must at the very outset request the House to view our programme of expenditure from two distinct angles of vision—though correlated and to a certain extent overlapping also—one dealing with the normal activities of the various departments of the administrative machinery and the other dealing with the post war activities with special reference to their social and economic bearings on the future of the country. The expenditure on account of the former will be charged to the ordinary revenues for the next year, while that on the latter will be met from the Post-war Reconstruction Fund. In view of the considerable influence which the work of some of the departments of Government such as the Public Works, Agriculture, Industries, Education and Medical has on the immediate and future well-being of the people of the State, these departments have been given precedence in the matter of normal activities of the Government, though the House will realise that any artificial line of demarcation between normal and post-war activities is far from possible or desirable. For this reason, some of the activities of these departments, though apparently falling within the sphere of their normal activities, have with a view to their ultimate developments and results, been treated as part of the Post-war Reconstruction programme. The provision included in the budget for what may be termed, the ordinary expenditure for running the administrative machinery is Rs 499·71 lakhs, leaving us with a revenue surplus of Rs 123·94 lakhs, out of which Rs 5 lakhs is proposed to be credited to the Revenue Reserve Fund, Rs 44·32 lakhs to the Post-war Reconstruction Fund and the balance of Rs 74·62 lakhs ear-marked for expenditure on the Post-war Reconstruction programme during the next year. The variations between the revised estimates for the current year and the budget estimates for the next year are explained in the Budget Memorandum wherever such explanation is necessary or possible. I would, however, invite the attention of the House to the gratifying fact that, excluding the special provision of Rs 10 lakhs for the discharge of our obligations to the South Indian Railway on account of the adjustment of the cost of the Rolling Stock purchased for the Travancore branch of the Railway, another special provision of

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Rs 15·8 lakhs for the adjustment of the half share of the expenditure incurred on the mofussil water supply schemes and the enhanced provision for our control operations, the increase in the budgeted expenditure, as compared with the revised estimates for the current year is notable under Education, Public Works and Agriculture. The House will not, I hope, fail to note also that the provision included in the programme of ordinary expenditure under these items is over and above that included in the Post-war Reconstruction programme for the special activities of these departments.

POST-WAR RECONSTRUCTION.

10. I shall now proceed to make just a passing reference to our Post-war Reconstruction programme, for the next year, without which an account of the year's programme of expenditure must necessarily be incomplete. The various works included in our post-war reconstruction programme for the next year are :—

		Rs.
1.	Soil Survey Scheme	2,088
2.	Model Salt Factory	51,720
3.	Shark Liver Oil Manufacture	1,51,362
4.	Establishment of Silk Textile and Spun Silk Factory	2,00,000
5.	Cardamom marketing scheme	1,00,000
6.	Scheme for the development of Fisheries	2,00,000
7.	Opening of experimental farms in High Ranges	30,000
8.	Introduction of free and compulsory education in one rural and two urban areas	7,00,000
9.	Irrigation and other works of the Public Works Department :—	
	(i) Investigation of major irrigation works	1,00,000
	(ii) Improvement of tanks	2,22,560
	(iii) Road Construction	5,00,000
	(iv) Investigation of National High Ways	20,945
	(v) Canal Improvements	3,00,000
	(vi) Kayal Reclamatiom Scheme	2,00,000
	(vii) Coastal Navigation and improvement of Ports	70,0,000
	(viii) Aerodrome	3,38,020
	(ix) Pambayar Scheme	5,00,000
	(x) Improvements to the Vizhinjam Harbour	5,00,000

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